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RHEFDIA/DIA WASHINGTON DC
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RHBVAKS/COMFIFTHFLT
RUEATRS/DEPT OF TREASURY WASHINGTON DC
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RUCNIRA/IRAN COLLECTIVE
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C O N F I D E N T I A L SECTION 01 OF 03 DUBAI 006884

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E.O. 12958: DECL: 11/19/2016
TAGS: ECON EWWT PGOV IR AE
SUBJECT: IRANIAN DHOW TRADE WITH DUBAI

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CLASSIFIED BY: Paul R Sutphin, Consul General, Dubai, UAE.
REASON: 1.4 (b), (d)

1.(C) Summary: Dubai is the hub of commercial dhows carrying cargo to and from Iran. Dhows carry a wide variety of commodities to Iran, from trucks and televisions to Pringles and Pepsi. Often cargo is brought directly from container ships and is broken down for re-export from Dubai by dhow. Dubai customs primary concerns are collecting appropriate import duties on goods and preventing drugs from entering the UAE. Customs officers rarely make more than cursory inspections of dhows leaving for Iran. Most Iranian dhow crewmen are eager to speak with Americans. On two occasions suspected Iranian security personnel posing as dhow crewmen kept poleconoff under observation. End Summary.

2.(U) Dubai is the hub of commercial dhow traffic in the Persian Gulf, the Gulf of Oman, and the Arabian Sea. The majority of the traffic is trade between Iran and Dubai. Roughly 200 to 250 dhows are in the Dubai creek on an average day, of which 65 to 75 percent are registered in Iran. Indian and Pakistani dhows represent the bulk of the non-Iranian cargo dhows using Dubai.

Destinations

3.(SBU) The vast majority of Iranian dhows loading cargo in Dubai are destined for Bandar Abbas, Chabahar, Kish, Bandar Lengeh, Bushehr, and Qeshm. A few dhows sail to Abadan and Khorramshah and other Iranian ports. On occasion, Iranian dhows will sail to non-Iranian ports in the Gulf and the Arabian Sea, such as Bahrain and Mutrah, Oman. One Iranian dhow captain, known as a nakhouda, said that outside of the Persian Gulf he had sailed his 400 ton dhow, the Mohammadian, to India, Pakistan, Tanzania, and other east African ports. He added that Iranian dhows are not permitted to call at Mombasa, Kenya, but he did not know why.

Types of Cargo

4.(U) Dhows bound for Iran carry almost every conceivable item.

Major cargo types include motor vehicles, spare parts, tires, durable goods, consumer goods, electronics, foodstuffs, and textiles. American goods bound for Iran are plentiful, ranging from refrigerators to Pringles. Almost all of the cargo is break-bulk; however, 20 foot containers are sometimes shipped on dhows. Few Iranian dhows are equipped with cranes. Almost all cargo is manhandled. Mobile cranes are used to load extremely heavy or bulky loads, such as motor vehicles.

5.(U) Fruits, nuts and other agricultural products, processed foodstuffs, carpets, textiles, and manufactured goods are the main cargos shipped from Iran.

Taking Cargo From Iraq

6.(U) Some nakhoudas said they sometimes load cargo at the Iraqi port of Khor Zubair. They said only empty Iranian dhows are permitted to enter Iraqi ports. Iranian dhows are chartered for Iraqi cargo in Khorramshahr and then sail empty to Khor Zubair. These dhows mostly carry Iraqi dates and other agricultural products to Sharjah's smaller dhow wharfage in the UAE. Note: UAE flagged dhows carry cargo from Dubai to Khor Zubair and Umm Qasr. End note.

Transshipment

7.(C) Many containers that enter the UAE are unloaded directly onto dhows. On most days, five to ten 40 foot containers are unloaded directly onto dhows. Most contain bags of rice, sugar, flour, and other grains. Islamic Republic of Iran Shipping Line (IRISL) containers are often unloaded onto Iranian bound dhows. The unloading of IRISL containers onto Iranian dhows allows the cargo to be shipped to small ports that cannot handle either the containers or large ships. According to a DP World official, Port Rashid -- at the mouth of the creek --receives many more

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IRISL containers than Jebel Ali Port. Comment: Unloading the containers may also be a means of avoiding duty that Iranian customs would levy at a larger port. End comment.

Dubai Customs

8.(C) All dhows arriving in Dubai creek are required to clear customs before unloading. One quay in Dubai creek is exclusively for dhows clearing customs. Customs officers are said to be concerned about drug smuggling and ensuring the proper duty is paid for the load being imported.

9.(C) Dhows being loaded are subject to customs inspection. Dhows fly a small green pennant to indicate to customs officers ongoing cargo loading. According to dhow crews and stevedores, customs officers rarely inspect outbound cargo.

10.(C) Customs inspection of outbound cargo generally comprises approval of the bill of lading after being paid a documentation fee of AED 800. In most cases the shipper has Dubai customs approve the bill of lading once the goods have been loaded onto a dhow. Thorough customs inspections are generally conducted when customs doubts the bill of lading and disputes the amount of import duties to be refunded. Dhows leaving Dubai must stop for a final check at the customs quay at the mouth of Dubai creek.

Sailing Times

11.(U) According to nakhoudas, the sailing times between Dubai and the major Iranian ports vary greatly depending on each vessel's characteristics, as well as the wind and sea state. Bandar Abbas is the closest major port to Dubai and average voyages take 18 to 24 hours. A voyage to Chahbahar in eastern Iran normally takes 2 days. Voyages to Bushehr and Abadan in the

northern Gulf take 2 to 3 and 4 to 5 days respectively.

Time in Port

12.(U) Nakhoudas are responsible for negotiating cargo for each voyage, making the time between voyages dependent on a nakhouda's ability to secure a cargo. Generally, an Iranian dhow will spend 15 days in Dubai from the time it arrives at Dubai's customs quay until customs clears it to leave. Most of the time in Dubai is spent negotiating for cargo and loading.

13.(U) According to crewmen, dhows normally spend 3 weeks to a month in Iranian ports before returning to the UAE or elsewhere.

Positive View of Americans

14.(U) The crewmen working on Iranian dhows are poorly educated. Many of the older crew, including nakhoudas, are illiterate.

15.(U) Iranian dhow crews and stevedores are normally friendly. The vast majority are genuinely pleased when they meet an American. Invariably they say they like Americans and America and they hope relations will improve between Iran and the United States. One group of crewmen joked that if Iranian President Ahmednijad and President Bush were locked in a shipping container and dumped into the sea, problems between Iran and the United States would be solved. Some of the crewmen ask how to get a visa to move to the United States. They also want Americans to visit Iran. They are proud of their country and culture, but are apolitical.

Security Personnel

16.(C) Poleconoff has encountered three Iranian dhow crewmen who are likely security officers. The dress, demeanor, and look of the three were different from those of the average dhow crewmen. The first one encountered interjected probing questions while PolEconoff was talking with the nakhouda of the MSV Mohammadian. When he arrived, the nakhouda and other crewmen ceased talking with poleconoff. On a different day, two Iranians came from a Chahbahar based dhow. One spoke some English. He openly attacked

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U.S. policy, President Bush, and American presence in the region. This was the only Iranian who expressed any anti-American sentiments out of more than 100 crewmen and stevedores encountered. The same crewman was later observed shadowing Poleconoff.

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